

**ANNUAL REPORT  
ON THE  
VIRGINIA WATER QUALITY IMPROVEMENT FUND**

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**POINT SOURCE POLLUTION CONTROL**



**SUBMITTED BY  
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DEPARTMENT OF ENVIRONMENTAL QUALITY**

**JANUARY 2001**

**ANNUAL REPORT  
ON THE  
VIRGINIA WATER QUALITY IMPROVEMENT FUND  
COOPERATIVE POINT SOURCE POLLUTION CONTROL PROGRAM**

**2001 Report by  
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Director,  
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**to the**

**Governor  
Commonwealth of Virginia**

**and the**

**Virginia General Assembly**

**JANUARY 2001**

January 8, 2001

**TO:** Governor James S. Gilmore, III  
Members of the Virginia General Assembly

**FROM:** Dennis H. Treacy

**SUBJECT: WATER QUALITY IMPROVEMENT FUND ANNUAL REPORT**

This report is submitted to the Governor and the General Assembly in response to the requirement under ' 10.1-2134 of the Virginia Water Quality Improvement Act of 1997 (Chapter 21.1 of Title 10.1 of the Code of Virginia) for an annual report on the implementation of the Virginia Water Quality Improvement Fund. This report covers my responsibility to report on the point source component of the Water Quality Improvement Fund.

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## **I. INTRODUCTION**

This report is the fourth to be submitted to the Governor and the General Assembly in response to the legislative requirement (see Appendix A) under ' 10.1-2134 of the Virginia Water Quality Improvement Act of 1997 (Chapter 21.1 of Title 10.1 of the Code of Virginia) for an annual report on the implementation of the Virginia Water Quality Improvement Fund (WQIF). This report covers the responsibility for the Director of the Department of Environmental Quality (DEQ) to report on the point source component of the WQIF.

The report contains a review of program activities during 2000, which have continued implementation of the WQIF in Virginia. This includes an update of ongoing projects from 1997 to the present, and the processing of the grant applications received for FY 2000 funding.

As specifically required by ' 10.1-2134 of the Act, this report also lists the recipients and amounts of grants made from the WQIF (respective, to the fiscal years), the specific and measurable reductions in nutrient loadings to state waters anticipated once each funded project is constructed and placed into operation, and projections for the amount of continued funding required for the upcoming fiscal year under all fully executed grant agreements.

This annual report, as well as the updated status of the WQIF, is available online through the DEQ website link of <http://www.deq.state.va.us/bay/homepage.html>.

## **II. VIRGINIA WATER QUALITY IMPROVEMENT ACT OF 1997**

### **A. Background**

In 1997, the Virginia General Assembly passed the Water Quality Improvement Act (Act), which established the Water Quality Improvement Fund (WQIF). A primary objective of the WQIF is to reduce the flow of excess nutrients (nitrogen and phosphorus) into the Chesapeake Bay. As part of the interstate Chesapeake Bay Program the Commonwealth has joined with other Bay states and the Federal government in committing to reduce the input of nutrients through the development and implementation of Tributary Strategies. The Code of Virginia (Article 2 of Title 2.1 in Chapter 5.1) also directs the development and implementation of tributary strategies to restore the water quality and living resources of the Bay and its Tributaries.

The 1999 Virginia General Assembly enacted a number of amendments to the Act affecting the point source program. Amendments to ' 10.1-2129 of the Act require a thirty day public comment period and public hearing to precede the annual allocations of moneys in the WQIF by the Secretary of Natural Resources between the point and nonpoint source pollution programs. Additionally, when developing grant guidelines, at a minimum the process will include: (i) the use of an advisory committee composed of interested parties; (ii) a sixty day public comment period on draft guidelines; (iii) written responses to all comments received; and (iv) notice of the availability of draft guidelines and final

guidelines to all who request such notice.

Under amendments to ' 10.1-2131 of the Act, the DEQ Director may determine that sufficient monies exist in the WQIF for substantial and continuing progress in implementing the tributary plans. If this determination is made, grants may be authorized from the WQIF for projects other than the design and installation of nutrient reduction technology. To date, no such determination has been made and grants continue to be awarded solely for nutrient reduction projects, as part of the tributary strategy process.

#### B. Cooperative Point Source Pollution Control Program

The Act recognizes that the protection of the quality of state waters is a shared responsibility among state and local governments and individuals. In order to enhance the purposes of the State Water Control Law and other state laws related to the restoration, protection, and improvement of the quality of state waters, the Act establishes cooperative programs to reduce nutrients and other point and nonpoint sources of pollution.

Under the cooperative point source program, the DEQ is directed to assist local governments and individuals in the control of point source pollution, including nutrient reductions, through technical and financial assistance made available through grants provided from the WQIF. These cooperative programs do not limit in any way the other water quality restoration, protection and enhancement authorities of any agency or local government of the Commonwealth. The voluntary, cooperative approach envisioned by the Tributary Strategies is consistent with the cooperative program established under the Act. During the strategy development process, point source owners throughout the Chesapeake Bay drainage basins clearly stated their preference for a local-state cooperative partnership approach in developing and implementing the tributary strategy.

In 1999, point source representatives expressed concern over the development of nutrient criteria by the federal Environmental Protection Agency (EPA), and the potential development of Total Maximum Daily Loads (TMDLs) for the Bay and each tributary, which were listed by the EPA on the 303(d) list of impaired waters. The Commonwealth is continuing the cooperative approach in implementing the tributary strategies by offering to provide 50% of the capital cost to install nutrient removal facilities and will continue to work closely with the EPA and other Bay Program partners to integrate the nutrient criteria, TMDL, and tributary strategy programs in the Bay restoration effort. Details on this integration process can be found in the Annual Report on Development and Implementation of the Tributary Strategies (Office of the Secretary of Natural Resources, November 2000).

Table 1 displays the estimated costs for implementation of the cooperative point source program for each Tributary Strategy using the assumption that each WQIF cost-share grant will cover at least 50% of the eligible costs. The estimate for future WQIF funding needs (Table 1) accounts for existing signed agreements, pending grant increase requests, estimated costs for projects not yet in the WQIF program, and WQIF appropriations to date.

<b>Table 1 – WQIF Grant Funding Needs to Fully Implement Tributary Strategy Point Source Actions</b>	
<b>Shenandoah/Potomac</b>	<b>Estimated Grant Amount</b>
Signed Agreements	\$71,402,000
Pending Grant Increases	+ \$2,600,000
Additional WWTP's not yet in WQIF Program	+ \$10,400,000
Subtotal	\$84,402,000
WQIF Appropriations to date	- \$63,580,000
<b>Remaining Shenandoah/Potomac Grant Needs</b>	<b>\$20,822,000</b>
<b>Lower Tributaries</b>	
Rappahanock	\$14,675,000
York	\$9,400,000
James	\$77,790,000
Eastern Shore	\$846,000
Subtotal	\$102,711,000
FY 00 WQIF Appropriation	- \$25,240,000
<b>Remaining Lower Tributaries Grant Needs</b>	<b>\$77,471,000</b>
<b>Total Future WQIF Funding Needs</b>	<b>\$98,293,000</b>

C. Virginia Water Quality Improvement Fund (WQIF)

The Act established the WQIF to provide grants to local governments, soil and water conservation districts, and individuals for point and nonpoint source pollution prevention and reduction programs. Under the Act, the DEQ Director is responsible for point source grants, and the Director of the Department of Conservation and Recreation (DCR) is responsible for nonpoint source grants. In accordance with the Act, point source grants currently provide at least 50% of the cost of design and installation of biological nutrient removal facilities (BNR) or other nutrient removal technology at publicly owned treatment works (POTW).

1. Appropriations to the WQIF

Table 2 provides the point source appropriations to the WQIF by the General Assembly for fiscal years 1998-2001. For FY 1998 and 1999, point source funds were targeted for projects in the Shenandoah-Potomac Tributary Strategy. In FY 2000, the point source allocation to the WQIF was for use in implementing nutrient reduction strategies for the lower Bay tributaries (Rappahannock, York, James, and Small Coastal basins).

For the FY 2001-02 biennium, \$13.0 million in new funds (consisting of \$10.3 million in general funds and \$2.7 million in interest earned by the WQIF) was appropriated to the point source grant program. In addition, \$3.85 million already in the WQIF, which had been earmarked for specific uses



(Blue Plains & “challenge grants”), was reallocated and made available to other point source nutrient reduction projects.

<b>Table 2 – WQIF Appropriations</b>	
<b>Point Source Program</b>	
FY 1998	\$10.00 million
FY 1999	\$37.10 million
FY 2000	\$25.24 million
FY 2001	\$10.30 million
Interest earned (Thru FY '00)	\$ 6.18 million
<b>TOTAL:</b>	<b>\$88.82 million</b>

## 2. Multi-Year Projects

Many of the point source projects will take several years to complete, some as long as four to five years. Therefore, the grant monies needed to fund these multi-year projects will be spread out over several years. To implement the tributary strategies and ensure that monies allocated to the WQIF are put to use as soon as possible, DEQ and the point source owners have taken the approach of signing agreements for multi-year grants that in total exceed the amount of grant funds currently in the WQIF. Under this approach, the grant agreement that each owner signs with DEQ specifies that the availability of monies in the Fund is subject to appropriation by the General Assembly and that at times there may not be sufficient monies in the Fund to permit prompt disbursement of grant funds owed to the Grantees.

The agreements also contain provisions to minimize the potential for such disruption in disbursements of the grant funds. The grantees and DEQ will work together to forecast the estimated disbursements from the WQIF and make this information publicly available for use in the State budgetary process. If funding requests in any fiscal year exceed the availability of grant monies in the WQIF, DEQ will manage allocation of available grant funds to ensure an equitable distribution among all grantees for that fiscal year.

## **III. PROGRAM ACTIVITIES**

### A. FY 1998 WQIF Grants

During the first year of the WQIF point source program (FY 1998), twelve grants were signed in the Shenandoah and Potomac basins, committing a total of \$52,333,848 in state cost share. Excepting one project, all grants were for 50% cost share in the design and construction of nutrient reduction systems at wastewater treatment facilities. These point source projects were designed to

reduce annual loads of nitrogen by 6.4 million pounds, and phosphorus by 0.088 million pounds at design flows. A technical assistance grant for \$546,000 was provided to SIL Clean Water for the planning and design phases of a joint public-private venture for land application designed for an average flow of 1.923 MGD.

## B. FY 1999 WQIF Grants

Five grant agreements were signed using funds appropriated for FY 1999, committing a total of \$9,029,378 in cost share. These point source projects were designed to reduce, respectively, annual loads of nitrogen and phosphorus 985,000 lbs/year and 157,200 lbs/year at design flows. Two of these grants are to fund 50% of the design and construction for converting two treatment trains at Dale Service Corporation from contact stabilization process to sequencing batch reactors. A grant for the Town of Purcellville will provide funding for construction of a new 1.0 MGD wastewater facility with BNR using the Modified Ludzack-Ettinger process, with chemical addition for phosphorus removal. At the time this report was prepared, contract modification #1 for the town of Purcellville (decrease to \$1,547,301) had been prepared and sent to the grantee for signature. The SIL Clean Water project, which is the first privately owned project to be funded and a continuation of the technical assistance grant from FY 1998, will replace the four discharges of Broadway, Timberville, WLR, Inc., and Rocco Farm Foods, using a series of deep, aerated treatment lagoons and a storage lagoon, followed by spray irrigation on cropland. There will be provision for a surface water discharge when reclaimed water cannot be used for irrigation. The Augusta County Service Authority – Stuart’s Draft grant provides 50% of the design and construction associated with expanded the existing WWTP to 4.0 MGD using a 2-stage BNR process and denitrification filters.

Beginning with the Stafford County (Aquia) STP, FY 1998 and 1999 BNR funded projects are being completed and coming online. Implementation status of BNR projects in the Shenandoah/Potomac Basins is as shown in Table 3.

<b>Table 3 – Implementation Status of WQIF Point Source Projects in the Shenandoah/Potomac Basins</b>		
<b>Facility</b>	<b>Size (MGD)</b>	<b>Status</b>
Stafford County – Aquia	6.0	BNR on-line ('99 avg. TN = 5.6 mg/l)
Frederick–Winchester Opequon	8.4	BNR online – July 2000
Harrisonburg-Rockingham SA-N. River	16.0	BNR online – Sept. 2000
SIL Clean Water (Tech Assistance)	N/A	Design completed
SIL Clean Water	1.92	Construction complete – Oct. 2000
Fairfax-Blue Plains	31.0	BNR retrofit complete
Loudoun County SA-Blue Plains	13.8	BNR retrofit complete
Leesburg	4.85	BNR retrofit about 66% complete
Staunton-Middle River	6.8	BNR retrofit about 50% complete

Arlington County	40.0	Flow EQ; BNR being constructed
Fairfax Co.-Noman Cole	67.0	BNR retrofit about 43% complete
Prince William Co. SA-Mooney	18.0	BNR retrofit about 31% complete
Alexandria SA	54.0	BNR retrofit system 63% complete
Purcellville	1.0	Construction started 7/24/00
Dale Service Corp. #1	4.0	BNR system about 3% complete
Dale Service Corp. #8	4.3	BNR system about 2% complete
Augusta County SA-Stuart's Draft	2.5	BNR retrofit about 17% complete

C. Update to WQIF Guidelines

As specified by the Act, the Secretary of Natural Resources is charged with developing written guidelines for the distribution and conditions of Water Quality Improvement Grants and criteria for prioritizing funding requests. Since the update to the FY 2000 guidelines, which were released in November 1999, there has been no subsequent update to the WQIF Guidelines (see Appendix B).

D. FY 2000 Grant Applications

\$25.24 million (see Table 2) was appropriated for FY 2000 and was to be used to finance the design and installation of nutrient removal facilities at POTWs in the lower Bay tributaries (Rappahannock, York, James, and Small Coastal basins).

Nineteen applications, requesting a total of \$94.66 million in FY 2000 grant funds, were received by the submission deadline. Of these applications, two of the proposals were for projects other than nutrient control and two were located outside the eligible geographic area. Of the 15 eligible applications submitted for FY 2000 funds, 9 requests (see Table 4) have been targeted as priority projects for award of grant funds. Of those 9 priority projects, one grant agreement (which covers two applications) has been executed with the City of Hopewell for \$2,643,503, which provides for the conversion of a primary clarifier to a denitrification reactor along with changes to the influent piping and distribution chamber of the converted structure. The applicants for the remaining 7 priority projects have all been notified regarding the eligibility of their proposal and agency staff are currently finalizing the eligible scopes of work and grant amounts. All pending grant agreements will be made available for public review and comment for a period of at least 30 days before they are finalized.

**Table 4– Application Status of FY 2000 WQIF Grant Applications**

<b>APPLICANT / PLANT</b>	<b>BASIN</b>	<b>STATUS</b>	<b>PROJECT SUMMARY</b>	<b>GRANT REQUEST (\$)</b>	<b>GRANT AMOUNT (\$) per AGREEMENT</b>
1. Hopewell STP	James	Grant executed	Technical assistance grant for pilot study completed on total nitrogen reduction @ the existing 50.0 MGD facility. Construction assistance grant for the 1 <sup>st</sup> phase of a 3 phase nitrogen reduction project @ the existing 50.0 MGD facility.	472,769 2,187,650	*457,914 *2,185,589
2. Richmond STP	James	A	Reimbursement for existing BNR components and construction assistance grant for facilities needed for year round BNR operations @ 45 MGD dry weather and 70 MGD wet weather.	3,749,917	To be determined
3. Chesterfield-Proctors Creek STP	James	A	Reimbursement for facilities previously installed for year round BNR operations @ 21.5 MGD.	1,032,840	To be determined
4. Hanover-Totopotomoy STP	York	Draft Grant sent to applicant	Construction assistance grant for eligible facilities associated with year round BNR operations @ a new 5 MGD WWTP.	1,592,175	2,295,248
5. Henrico Co. STP	James	A	Reimbursement for BNR components at the existing 40 MGD WWTP and construction assistance grant for denitrification facilities being installed for the expansion to 75 MGD.	9,059,000	To be determined
6. Spotsylvania-Massaponax STP	Rapp.	B	Construction assistance grant for a BNR retrofit of existing facilities being done in conjunction with an expansion from 6.0 MGD to 8.0 MGD.	4,290,000	To be determined
7. Spotsylvania-FMC STP	Rapp.	B	Construction assistance grant for a BNR retrofit of existing facilities being done in conjunction with an expansion from 4.0 MGD to 5.4 MGD.	2,450,000	To be determined
8. Fauquier-Remington STP	Rapp.	Draft Grant sent to applicant	Reimbursement of BNR costs for a WWTP previously funded thru the VRLF program and construction assistance grant for facilities needed for year round BNR operations.	1,330,000	To be determined
9. Stafford-L. Falls Run STP	Rapp.	A	Reimbursement of previous BNR construction costs and a construction assistance grant for facilities needed for year round BNR operations.	1,846,541	To be determined
<b>Total:</b>				28,012,892	

**Notes:**

A – Application has been reviewed and contains eligible components. Additional information has been requested from the applicant in order to finalize the grant eligible scope of work and dollar amount.

B - Agency staff have conducted an initial meeting with the applicant to discuss programmatic specific issues and additional information has been requested from the applicant in order to draft the grant and determine the final dollar amount.

\* Grant eligible amount totaled 55% as demonstrated by “high” fiscal stress rating documentation.

E. Development of Guidelines for Market-Based Incentives

In order to provide WQIF Grantees with incentives to operate their nutrient reduction facilities more efficiently than called for by their grant agreement, each grant agreement contains the following provision:

*Incentives: The Department agrees to publish guidelines governing the use of incentives such as nutrient credits, nutrient trading and/or other concepts designed to encourage the Grantee to operate the Project to achieve numerical concentrations below those specified in Article V of this Agreement. The parties agree that such guidelines will be published only after the public has been afforded the opportunity to participate in the development of such guidelines. This Agreement may be modified by agreement of the parties to incorporate such incentives following publication of the guidelines.*

Work has been limited on development of these guidelines. Members of the DEQ Director's Water Advisory Committee were briefed in March 2000 on the WQIF status and asked to provide names of interested members to participate in a work group to draft these guidelines. Agency staff have postponed further development of the incentive guidelines called for by the Agreement in order to assess the influence that a Chesapeake Bay Program initiative, involving adoption of nutrient trading guidelines, may have on the market based incentives program.

#### IV. SUMMARY DATA FOR EXECUTED GRANT AGREEMENTS

As required by ' 10.1-2134 of the Act, this report lists the projections for the amount of continued funding required for the coming fiscal year under all fully executed grant agreements. This information is provided in Table 5.

Table 5 - Projected WQIF Grant Expenditures for Signed Agreements											
Grantee / Plant	Grant Amount	Expenditures FY 1998 thru FY 2000 (7/1/97- 6/30/00)	Expenditures to date in FY 2001 (7/1/00- to date)	Total Expenditures to Date	Projected Expenditures Remaining for FY 2001 (to 6/30/01)	Projected Expenditures for FY 2002 (7/1/01- 6/30/02)	Projected Expenditures Past FY 2002	Expected Nutrient Load Reduction  Nitrogen      Phosphorus (lbs per year)		WQIF Grant Effective Date	Expected Operational Date
ACWSA-Stuarts Draft	\$1,424,724 <sup>1</sup>	\$0	\$240,053	\$240,053	\$574,030	\$610,641	\$0	134,000	12,200	11/12/00	Apr. 2002
Alexandria S.A. STP	\$20,147,914 <sup>2</sup>	\$6,871,073	\$4,035,693	\$10,906,766	\$4,056,040	\$4,000,000	\$1,185,108	2,055,000	N/A	03/16/98	Apr. 2002
Arlington Co. STP	\$10,816,973 <sup>3</sup>	\$562,610	\$330,230	\$892,840	\$7,760,281	\$2,163,852	\$0	146,000	N/A	10/10/98	Jan. 2002
Dale Service Corp STP #1	\$1,901,057	\$62,380	\$0	\$62,380	\$1,553,557	\$285,120	\$0	377,500	N/A	5/26/99	Sept. 2001
Dale Service Corp STP #8	\$2,115,053	\$45,283	\$0	\$45,283	\$1,753,768	\$316,002	\$0	328,800	N/A	5/26/99	Sept. 2001
Fairfax Co. (Blue Plains STP)	\$1,387,500	\$381,988	\$0	\$381,988	\$377,000	\$628,512	\$0	751,000	N/A	12/22/97	BNR Online: Jan. 2000
Fairfax Co. – Noman Cole STP	\$10,399,500	\$4,444,641	\$0	\$4,444,641	\$3,620,000	\$2,334,859	\$0	1,632,000	N/A	5/20/98	Jan. 2002
Fred/Winchester S.A. – Opequon STP	\$2,828,963	\$2,679,742	\$79,886	\$2,759,628	\$69,335	\$0	\$0	279,000	26,000	6/8/98	BNR Online: July 2000
H'burg/Rckgham S.A. - North River STP	\$2,871,547	\$2,527,489	\$237,150	\$2,764,639	\$106,908	\$0	\$0	521,000	49,000	4/27/98	BNR Online: Nov. 2000 <sup>4</sup>
Hopewell WWTP	\$2,643,503	\$0	\$0	\$0	\$658,278	\$993,000	\$992,225	3, 957,000	N/A	11/6/00	Dec. 2002
Leesburg STP	\$6,477,734	\$3,448,525	\$959,613	\$4,408,138	\$1,909,760	\$159,836	\$0	81,000	N/A	7/16/98	July 2001

<sup>1</sup> Contract modification #1 reduced the grant amount based on as-bid costs and some deletions/reductions to the scope of work.

<sup>2</sup> Contract modification #1 has been signed and reflects receipt of bids and/or actual costs from the contractor's schedule of values; grant increased from \$12,718,560.

<sup>3</sup> Contract modification #1 has been signed and reflects actual costs from the contractor's schedule of values, as well as changes to the eligible scope of work; grant increased from \$8,207,899.

<sup>4</sup> Contract modification #1 provided for a "no-cost" time extension.

**Table 5 - Projected WQIF Grant Expenditures for Signed Agreements**

Grantee / Plant	Grant Amount	Expenditures FY 1998 thru FY 2000 (7/1/97- 6/30/00)	Expenditures to date in FY 2001 (7/1/00- to date)	Total Expenditures to Date	Projected Expenditures Remaining for FY 2001 (to 6/30/01)	Projected Expenditures for FY 2002 (7/1/01- 6/30/02)	Projected Expenditures Past FY 2002	Expected Nutrient Load Reduction  <u>Nitrogen</u> <u>Phosphorus</u> (lbs per year)		WQIF Grant Effective Date	Expected Operational Date
Loudoun Co. S.A. (Blue Plains STP)	\$365,500	\$165,586	\$4,040	\$169,626	\$163,960	\$31,914	\$0	213,000	N/A	12/1/97	BNR online: Jan. 2000
Prince William S.A. – Mooney STP	\$4,879,250 <sup>5</sup>	\$452,864	\$1,060,462	\$1,513,326	\$1,188,260	\$2,177,664	\$0	477,000	N/A	3/19/98	June 2001
Purcellville STP	\$1,604,654	\$0	\$0	\$0	\$1,345,292	\$203,352	\$56,010	32,600	3,100	8/19/99	Oct. 2001
SIL Clean Water (Broadway/ Timberville/ Rocco/WLR)	\$546,000	\$546,000	\$0	\$546,000	\$0	\$0	\$0	N/A	N/A	4/26/99	Design Completed: Sept. 1999
SIL Clean Water	\$1,983,890	\$543,897	\$1,140,575	\$1,684,472	\$299,418	\$0	0	178,000	138,000	12/2/99	BNR online: Sept. 2000 <sup>6</sup>
Stafford Co. – Aquia STP	\$351,962	\$290,709	\$0	\$290,709	\$0	\$0	\$61,253	110,000	N/A	6/8/98	BNR Online: Dec. 1991
Staunton Middle River STP <sup>7</sup>	\$1,299,433	\$396,079	\$258,022	\$654,101	\$645,332	\$0	\$0	91,000	13,000	6/8/98	Mar. 2001
<b>Totals:</b>	\$74,045,157	\$23,418,866	\$8,345,724	\$31,764,590	\$26,081,219	\$13,904,752	\$2,294,596	11,363,900	241,300		

<sup>5</sup> Contract modification #1 to increase the grant amount by approximately \$2.6 million is being negotiated.

<sup>6</sup> Contract modification #1 provided for a “no-cost” time extension.

<sup>7</sup> Contract modification #2, which provided for a revised budget/distribution but did not change the overall grant amount, has been executed.

The preceeding Table 5 shows that significant progress on the construction of nutrient reduction systems has been made, especially in the Shenandoah/Potomac River basin. New projects are being added in the lower Bay tributaries, with the first grant for this purpose made to the City of Hopewell. The projects in the lower Bay tributaries will utilize the FY00 funding (\$25.24 million), which was specifically earmarked in the Appropriations Act for use in these river basins.

It is important to note that as construction advances, the drawdown on available WQIF funds also increases. The large northern Virginia facilities are all scheduled for completion by the spring of 2002, and will make use of large amounts of WQIF funding. If additional appropriations are not made to the WQIF Point Source Program it is projected that the WQIF will not have sufficient funds available to cover all the reimbursement requests that will be made in the second year of the FY 2001-02 biennium. The following table summarizes the estimated funding shortfall.

<b>Table 6 - Projection of WQIF Availability</b> <b>through FY2002</b> <b>(Shenandoah/Potomac Agreements)</b>	
Appropriations for Shenandoah/Potomac Projects	\$63,580,000
Grant Reimbursements through FY01 (7/00-6/01)	- \$57,187,531
Balance	\$6,392,469
Grant Reimbursements through FY02 (7/01-6/02)	- \$12,911,752
Balance	(\$6,519,283)

If the reimbursment requests made in FY02 are assumed to be spead out equally over the fiscal year, then the available funds for ongoing projects in the Shenandoah/Potomac basin would be expended by December 2001. Should this situation arise, then a provision in each grant agreement would used to make an equitable distribution of monies in the WQIF. This provision says, in essence, that DEQ and the grantee recognize that the availability of monies in the WQIF is subject to appropriation by the General Assembly and allocations made by the Secretary of Natural Resources, and that at times there may not be sufficient funds to permit prompt reimbursement under the grant. If it is determined that monies are not sufficient to promptly disburse grant funds when there are competing grant requests, then the available funds will be provided in an equitable, pro-rata share to each grantee. For example, if only 50% of the total for all reimbursements is available in the WQIF, then each project will receive 50% of their requested amount. The balance of the reimbursement requests will be acted on whenever additional WQIF grant funds are made available.